



## AEW sets ambitious \$25bn growth plan – Exclusive

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*Bosses at the Natixis-owned real estate investment management business say corporate acquisitions in Asia will be considered to help bring the parent's property AUM to \$90bn by 2020.*

AEW, the Boston-based real estate investment management firm, has set a target of growing its assets under management to approximately \$90 billion and expects sizeable growth in Asia to play a major part in achieving its goal.

AEW has set a time horizon of 2020 in which to achieve this aim, effectively giving the firm about three years to accumulate the best part of \$25 billion of real estate. Currently, the firm manages \$64.4 billion in assets, with \$33.3 billion in the US; \$29.1 billion in Europe; and \$2 billion in Asia.

In an exclusive interview with PERE, chief executive officer Jeff Furber said bringing the Asia division in line with the two western regions was an objective of both the firm and its parent, the French asset management giant, Natixis Asset Management, the latter of which was seeking greater exposure to the Asia region and to alternative assets. Currently, AEW accounts for approximately 7 percent of Natixis' \$895 billion of assets.

In the interview, Furber said: “We are the largest alternatives platform at Natixis. But when you consider most institutional investors are increasing their alternatives allocations and manager counts, you’ll understand that they are very interested in us continuing to grow.”

Furber says most of the firm’s growth so far has been organic. “Acquisitions have been a part of it, but as we look forward, in the US and Europe, we will continue organically growing.” As such, Asia is where corporate purchases are more likely. “We would definitely look at that and Natixis would be very interested in helping us,” said Furber.

David Schaefer, who leads AEW’s Asia business, said in the same interview he regarded the growth plan as part of his “job description.” Further, he and Furber said any acquisitions would happen with little involvement from Natixis. “We all operate like that,” Furber said. “Minute by minute, day to day they are not involved. That goes for investment and personnel decisions. We will write our business plan for the year, present it to Natixis and, together, agree on a route forward. They are a very supportive parent company.”

Schaefer added: “It allows me, as regional CEO, to run my organization and everyone in it in an entrepreneurial way. There’s no top-down method; it’s all bottom-up.”

In the meantime, the Asia business is in the market with its third pan-region value-added fund with a fundraising target of \$750 million. AEW Value Investors Asia III was launched last quarter. It follows the firm’s second effort, AEW Value Investors Asia II, which collected \$590 million from investors and was deployed into office and retail assets in the region’s major cities of Seoul, Shanghai, Hong Kong, Singapore and Sydney.

The firm has made two exits from that fund so far: the sales of office properties in Shanghai and Hong Kong have generated equity multiples of more than 1.5x achieved from holds of less than two years. The multiple from the firm’s first fund, which is now fully realized, was 1.4x.

While AEW’s core vehicles are understood to have performed in line with the broader real estate markets, its US opportunistic fund series has returned 1.8x since inception, while its European non-core funds have returned 2x since inception. Established in 1988, AEW is one of the oldest real estate asset managers active in the market today.